



[4310-T2]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0002]

States' Decisions on Participating in Accounting and Auditing Relief for Federal Oil and Gas Marginal Properties

AGENCY: Office of Natural Resources Revenue, Interior.

ACTION: Notice.

SUMMARY: Final regulations published September 13, 2004 (69 FR 55076), provide two types of accounting and auditing relief for Federal onshore or Outer Continental Shelf lease production from marginal properties. As required by the regulations, the Office of Natural Resources Revenue (ONRR) provided a list of qualifying marginal Federal oil and gas properties to states that received a portion of Federal royalties. Each state then decided whether to participate in one or both relief options. For calendar year 2012, this notice provides the decisions by the affected states to allow one or both types of relief.

DATE: Effective January 1, 2012.

FOR FURTHER INFORMATION CONTACT: Richard Adamski, Program Manager, Asset Valuation, telephone (303) 231-3410; e-mail richard.adamski@onrr.gov; or mail to P.O. Box 25165, MS 63100B, Denver Federal Center, Denver, Colorado 80225-0165.

SUPPLEMENTARY INFORMATION:

The regulations, codified at 30 CFR part 1204, subpart C, implement certain provisions of section 7 of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA) (30 U.S.C. 1726) and provide two options for relief:

(1) Notification-based relief for annual reporting; and (2) other requested relief, as proposed by industry and approved by ONRR and the affected state. The regulations require ONRR to publish a list of the states and their decisions regarding marginal property relief by December 1 of each year.

To qualify for the first relief option (notification-based relief) for calendar year 2012, properties must have produced less than 1,000 barrels-of-oil-equivalent (BOE) per year for the base period (July 1, 2010, through June 30, 2011). Annual reporting relief will begin January 1, 2012, with the annual report and payment due February 28, 2013; or March 31, 2013, if you have an estimated payment on file. To qualify for the second relief option (other requested relief), the combined equivalent production of the marginal properties during the base period must equal an average daily well production of less than 15 BOE per well per day calculated under 30 CFR 1204.4(c).

The following table shows the states that have qualifying marginal properties and the states' decisions to allow one or both forms of relief.

State	Notification-based relief (less than 1,000 BOE per year)	Request-based relief (less than 15 BOE per well per day)
Alabama	No	No
California	No	No
Colorado	No	No
Kansas	Yes	No
Louisiana	Yes	Yes
Michigan	Yes	Yes
Mississippi	No	No
Montana	No	No
Nebraska	No	No
Nevada	Yes	Yes
New Mexico	No	Yes
North Dakota	Yes	Yes
Oklahoma	No	No
South Dakota	No	No
Utah	No	No
Wyoming	Yes	No

Federal oil and gas properties located in all other states where ONRR does not share a portion of Federal royalties with the state are eligible for relief if they qualify as marginal under the regulations. See section 117(c) of RSFA (30 U.S.C. 1726(c)). For information on how to obtain relief, please refer to 30 CFR 1204.205 or to the published rule, which you may view on our website at http://www.onrr.gov/Laws_R_D/FRNotices/AC30.htm.

Unless the information received is proprietary data, all correspondence, records, or information that we receive in response to this notice may be subject to disclosure under the Freedom of Information Act (FOIA) (5 U.S.C. 552 *et seq.*). If applicable, please highlight the proprietary portions, including any supporting documentation, or mark the page(s) that contain proprietary data. Proprietary information is protected by the Trade Secrets Act (18 U.S.C. 1905); FOIA, Exemption 4; and Department regulations (43 CFR part 2).

November 29, 2011_
Date

Gregory J. Gould
Director,
Office of Natural Resources Revenue

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